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October 8, 1962

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Dear Mr. Chairman:

Enclosed is the corrected transcript of my testimony before the Select Committee on October 3. The items you requested for insertion in the record are attached.

The items for insertion are as follows:

Tab A - Maritime Administration Report: Free World Shipping in the Cuban Trade, October 2, 1962 (Insert transcript, page 146);

Tab B - Canadian Trade with Cuba (including cattle shipments) (Insert transcript, page 156);

Tab C - Statement respecting Cuban Missile Sites (Insert transcript, page 187);

Tab D - Statement respecting Recommendations F, G and H, pages 2 and 3 of House Report No. 1753, 87th Congress, Second Session (Select Committee on Export Controls) (Insert transcript, page 202);

Tab E - Statement of the Secretary of State respecting Section 107 of the House Appropriations Bill for the Foreign Assistance Act of 1961 as amended (Insert transcript, page 203);

Tab F - Corrected transcript.

I shall be happy to provide any additional material you or the Committee desire.

Sincerely yours,

Acting Secretary

Enclosures:
as stated

The Honorable

A. Paul Kitchen,
Chairman,

Select Committee on Export Controls,
House of Representatives

DEPARTMENT OF STATE A/CDC/MR

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KITCHIN, A. Paul

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TAB B

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CANADIAN TRADE WITH CUBA

Since late 1960 Canadian policy has been to prohibit the re-export to Cuba of U.S.-origin goods and not to allow the shipment from Canada to Cuba of arms or related equipment of military significance, or of goods of a "strategic" COCOM character no matter what the origin. While permitting trade in non-strategic commodities, Canada has not extended its Government export financing to commercial shipments. Canadian exports to Cuba in the first half of 1962 have declined to a level below that of 1958 (pre-Castro) as well as of intervening years. For the first six months of 1962 exports amounted to C\$5.5 million as compared with C\$15.4 million for the same period of 1961 and C\$17.6 for the entire year of 1958. For the month of June 1962 the first three items in value terms accounting for 70 percent of exports were inedible tallow, wood-pulp and milk powder. Though there is no information on recent cattle shipments, Canada shipped some 769 cattle to Cuba valued at \$315,120 during the first seven months of 1962.

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CUBAN MISSILE SITES

The evidence we have on the three (possibly four) surface-to-surface missile complexes in Cuba (including the one at Hanes) indicates that they are similar to known Soviet coastal defense missile installations and that they are capable of firing to a range of 25-35 nautical miles.

Up to this point we have no evidence that there are any surface-to-surface missile installations in Cuba capable of firing to a greater range.

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TAB D

STATEMENT RESPECTING RECOMMENDATIONS F, G and H,

PAGES 2 and 3 OF HOUSE REPORT NO. 1753, 87TH CONGRESS SECOND SESSION

SELECT COMMITTEE ON EXPORT CONTROLS

STATEMENT RESPECTING SECTION F

Under dates of September 11 and September 20, 1962, Mr. Frederick Dutton, Assistant Secretary of State for Congressional Relations, submitted to the Honorable A. Paul Kitchin, Chairman of the Select Committee on Export Controls, complete statements regarding the Committee's recommendation F referred to above.

STATEMENT RESPECTING SECTION G

In his testimony before this Committee on October 25 of last year Secretary Rusk stated:

"In developing US policies toward Poland, it would be erroneous and dangerous to base such policies on the illusion that Poland is not tied to the Soviets within the bloc, or is likely to be detached from the bloc in the immediate future. On the other hand, it is apparent that Poland enjoys a significant measure of autonomy and thus affords an opportunity for US initiatives that is not now available in any such degree in the rest of the bloc.

"This necessarily implies the application of special policies to Poland in such fields as trade, economic and technical assistance, and exchanges of persons. The application of these special policies inevitably involves uncertainty whether our efforts will lead to an ultimate result that can be achieved, at best, only over a long period of years.

"For the reasons indicated, the United States has accorded Poland a considerable measure of special treatment since 1936, including preferential treatment in the export control field."

Over the past year our policy toward Poland has been kept under continuing review. Export license applications for Poland have been subjected to special scrutiny. Special treatment has been afforded Poland only in those cases where the commodity in question was clearly destined for the Polish civilian economy and where there was adequate assurance that the commodity would not be re-exported to other countries of the Soviet bloc. Doubtful cases have been resolved in favor of US security interests.

STATEMENT RESPECTING SECTION H

Secretary Rusk explained before this Committee on February 5, 1962, the matter of United States policy toward Yugoslavia has been kept under continuing close review. We have found no reason to alter our basic estimate that Yugoslavia is determined to remain independent of the Soviet bloc and is in fact doing so. It remains our policy, therefore, that United States trade with Yugoslavia should take place on the same basis as trade with other non-Soviet bloc countries.

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Applications for licenses to export United States goods to all non-Soviet bloc destinations are carefully examined, and appropriate measures are taken to ensure that strategic goods shipped under the licenses are not transhipped to the bloc.

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TAB E

STATEMENT OF THE SECRETARY OF STATE
RESPECTING SECTION 107 OF THE HOUSE APPROPRIATIONS BILL
FOR THE FOREIGN ASSISTANCE ACT OF 1961 AS AMENDED

In a letter dated September 21, 1962, to The Honorable Carl Hayden, Chairman, Committee on Appropriations, United States Senate, the Secretary of State made the following statement with respect to Section 107 of the Bill passed by the House of Representatives making appropriations for fiscal year 1963 for the program under the Foreign Assistance Act of 1961 as amended:

"Section 107 as passed by the House would dangerously impair the conduct of a positive U.S. foreign policy. It goes far beyond the sound principles laid down in Section 107 as enacted by the Congress last year which has proved workable. It would prohibit aid to any country--no matter how important to U.S. interests--which permits any trade or carriage of goods in ships under its flag--no matter how little or how innocuous--with Cuba. It would allow the President no discretion even in cases where the national interest required it. We are working diligently with our allies and others to limit trade with Cuba, and this inflexible limitation would unwisely constrict negotiations. This provision subordinates all of our interests at this time of peril in Berlin to one aspect of the Cuban situation. The new language added to last year's provision should be stricken."

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